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South Carolina Correctional Association



P.O. Box 210603

Columbia, South Carolina 29221

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Ms. Donna Searcy, Secretary
Federal Communications Commission
1919 M Street, N W Room 222
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: "Billed Party Preference" Proposal, CC
Docket 92-77

Dear Ms. Searcy,

The South Carolina Correctional Association (SCCA) consists of correctional professionals, individuals, agencies and organizations involved in all aspects of federal, state, county and municipal corrections. We have over 800 members throughout South Carolina.

It is my understanding that the Federal Communication Commission is now considering a proposal called "Billed Party Preference", Docket 92-77. As I understand it, this proposal will change the way the long distance carrier is chosen on collect calls from correctional facilities.

The Association opposes this proposal for the following reasons:

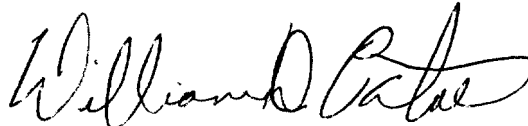
- 1) The potential for excessive telephone fraud causing increased financial burden on the public and potential public relations problems in correctional facilities.
- 2) The ability to get special services (call blocking, phone number searches, etc.) that are often not provided by local telephone companies.
- 3) Loss of revenue from commissions which are used to fund administrative and operational expenses as well as special programs for inmates (education, recreation etc.) These programs would often not be funded without present revenues.
- 4) The possibility of a loss in security and control now created by inmate phone service.

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I urge the Commission to carefully consider each of these issues and their effect on control and monitoring of long distance calls within correctional facilities.

Sincerely,



William D. Catoe
President

WDC:pbh

Attachment

CC: The Honorable Alfred C. Sikes
The Honorable Sherrie Marshall
The Honorable Andrew C. Barrett
The Honorable James H. Quello
The Honorable Ervin S. Duggan
Mr. Gary Phillips
The Honorable Strom Thurmond
The Honorable Earnest Hollings
The Honorable Arthur Ravenel, Jr.
The Honorable Floyd Spence
The Honorable Butler Derrick
The Honorable John Spratt, Jr.
The Honorable Robin Tallon
The Honorable Elizabeth Patterson

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

INDUSTRY CONCERNS WITH PRISON FRAUD

LARRY KEPFER
CO-CHAIRMAN OF THE NATIONAL
TOLL FRAUD PREVENTION COMMITTEE

I. OVERVIEW

Institutional toll fraud presently generates an annual loss of \$150 million according to the Communications Fraud Control Association (CFCA), a national association of IXC's, LEC's, and law enforcement representatives. Included in the category of institutional toll fraud are educational facilities, military institutions, and prisons. Local exchange carriers and interexchange carriers have sought to minimize the fraud from inmate facilities through the provision of inmate service. Inmate service does not typically allow calls such as third party bill, access to Feature Group B (950) or Feature Group D (10XXX), 800 calls, 900 calls, 976 calls, direct dialed local calls, and credit card calls. Nonetheless, inmates still perpetrate fraud by using deceptive means to "Get By" the operator and access either services that require authorization codes (PINs or credit card numbers) or unsecured lines which give second dial tone.

II. WAYS FRAUD IS PERPETRATED BY INMATES.

A. PBX FRAUD

An example of PBX fraud is where an inmate calls a hospital and tells the operator "collect call from Dr. Jones." The PBX operator then accepts the call. The inmate will then ask for a department (i.e. radiology). When the department answers, he will explain that he was directed to the wrong department and requests to be connected to the operator again. When the operator is reconnected, he then asks for an outside line and dials his fraudulent call.

B. UNSECURED LINES and SECURED WATS LINES

Many large businesses have WATS lines that are dial accessed by their personnel. Some of these lines have authorization codes associated (secured lines), others just return a second dial tone when they are accessed (unsecured lines). The inmates will dial these numbers, tell the operator the call is from "John" and when the conformation or second dial tone is returned, the inmate will send a burst of DTMF to kill the tone before the

operator can hear it. They, in turn, either disguise their voice or hand the phone to another inmate who accepts the call. The Operator drops off and the inmate population has access to the dial facilities. If the line is secured, the inmates may "hack" the code until a valid authorization code is found or obtain a code via outside sources. They will have the ability at this point to dial their call on unsecured lines.

C. FEATURE GROUP A

Feature Group A fraud is perpetrated like the secured WATS lines. The inmates get to the carriers' facilities using the deceptive means previously mentioned, then input a stolen PIN and dial their call. Some Feature Group A lines also have the ability to reoriginate calls by using the # key. On completion of a call, the calling party presses the # key and the Feature Group A line returns dial tone and another call can be made without reentering the PIN. Unlimited numbers of calls can be made in this manner. To the LEC, it appears as only one call was made.

III. POTENTIAL HARM

A. CREDIT CARD CALLING

1. Inmates have many ingenious ways of illegally obtaining authorization codes, PINS, and Credit Card numbers. Allowing an inmate to make credit card calls would make the serving LEC and all IXCs very susceptible to fraud.
2. If an inmate were permitted to have a legitimate credit card, the card could easily be compromised within that facility. That inmate could sell calls to other inmates then report his card stolen.
3. Subscription Fraud (where a person orders service, runs up a large toll bill, then disappears without paying) would be a possibility where an outside source would order service under an assumed name, order a calling card, give the information to an inmate, then disappear. In the interim, the inmates could run up large volumes of fraud.

B. THIRD NUMBER BILLED

Third number billed calls would give an inmate an unlimited opportunity to place fraudulent calls with the

cooperation of friends at remote phones or other inmates. These calls could later be identified by the billed party as fraudulent at the expense of the LEC or IXC.

C. LOCAL CALLING

Allowing inmates to make local calls without operator control or without controlling the number of digits that they could dial, would give them access to local Feature Group A lines, dial access WATS lines, and also make the PBX fraud easily perpetrated. They would now be able to dial into the PBX without going through the operator and having a collect call accepted.

D. 1+ SENT PAID

Allowing 1+ sent paid traffic would also require controlling the number of digits the inmate could dial. With this stipulation, the potential for fraud would be minimized.

E. 0+ SENT PAID

Allowing 0+ sent paid traffic necessitates control of the 54 coin drop function at the coin set. Of course, this function is not under the operator's control, making 0+ sent paid calls totally unworkable from COCOT sets. Even at a LEC operated coin phone, an inmate could get the receiving caller at another coin set location to drop the coins at the receiving coin set. At those locations not utilizing electronic means to monitor and detect the point of origin of the coin deposit tones, the operator would be unaware that the coins were being deposited in the receiving set rather than by the inmate at the originating set. When a coin control signal is sent to collect the coins, it is applied only against the set originating the call. The receiving set would simply drop the coins back through to the coin return slot upon disconnect. When actual money in the collection box (originating set) is compared to the expected revenue (generated from AMA records), the shortage would be identified. Since it cannot be determined which calls created the shortage, recovery of this loss through rebill is impossible.

F. 10XXX DIALING

Allowing 10XXX dialing from inmate lines would make Interexchange Carriers, who cannot separate this type of traffic from POTS traffic, "fair game" for fraud. Some